

## Message Text

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ACTION PM-04

INFO OCT-01 ARA-06 EUR-12 NEA-10 ISO-00 CIAE-00 H-01  
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15  
USIA-06 AID-05 IGA-02 EB-08 ACDA-07 TRSE-00 OMB-01  
MC-02 SAJ-01 COME-00 /100 W  
-----111339Z 007759 /50

R 111230Z FEB 77  
FM AMEMBASSY QUITO  
TO SECSTATE WASHDC 3189  
INFO AMEMBASSY MOSCOW  
AMEMBASSY PARIS  
AMEMBASSY TEL AVIV  
AMCONSUL GUAYAQUIL  
AMCONSUL JERUSALEM  
USCINCSO QUARRY HTS CZ  
JCS WASHDC  
SECDEF WASHDC  
HQUSAF:CSAF WASHDC

C O N F I D E N T I A L QUITO 0979

SECDEF FOR ISA

E.O. 11652: GDS  
TAGS: MASS, EC  
SUBJECT: EFFECT OF KFIR DENIAL ON POSSIBLE SALE OF F-5S AND  
RAYTHEON ATC CONTRACT

1. BEGIN SUMMARY: ECUADOREAN AIR FORCE IS INCENSED AT US  
DENIAL OF PERMISSION FOR KFIR SALE AND IS REPORTEDLY SEEKING  
ALTERNATE AIRCRAFT FROM FRENCH AND SOVIETS. AT SAME TIME WE  
BELIEVE OTHER SERVICES AND HIGH GOE OFFICIALS ARE NOT  
TOTALLY OPPOSED TO BUYING F-5, IF THE DEAL (I.E., LEAD TIME)  
IS RIGHT. SINCE STRONG OPPOSITION TO SOVIET PURCHASE EXISTS,  
AND FRENCH LEAD TIMES MAY BE UNACCEPTABLE, WE BELIEVE GOE  
MAY OVERCOME FAE RELUCTANCE TO BUY F-5. RECOMMEND NORTHROP  
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MAKE MAJOR SALES EFFORT AND THAT DEPARTMENT AND DOD  
INVESTIGATE POSSIBLE WAYS TO SHORTEN F-5 LEAD TIME.  
END SUMMARY

2. BITTER RAYTHEON REPS CALLED ON EMBOFFS FEB. 9 AND AGAIN  
FEB. 10 TO RELAY SUBSTANCE OF RECENT CONVERSATIONS WITH  
ECUADOREAN AIR FORCE (FAE) OFFICIALS. REPS SAID TIMING

OF KFIR DENIAL HAD CUT OFF THEIR ALMOST-CONSUMMATED DEAL FOR THE AIR TRAFFIC CONTROL SYSTEM. THEY HAVE BEEN GIVEN A LETTER SAYING A DECISION ON THE ATC SYSTEM WILL BE POSTPONED UNTIL RESOLUTION OF THE PROBLEM OF ACQUIRING INTERCEPTOR AIRCRAFT. REPS EXPRESSED STRONG FEELING THAT FAE PIQUE AT US WOULD PREVENT THE GOE FROM BUYING THE F-5. FAE OFFICIALS TOLD THE REPS THAT A DECISION WOULD BE MADE WITHIN A WEEK TO PURCHASE AN AIRCRAFT AND THAT THE SOVIETS APPEARED TO OFFER THE BEST DEAL - 20 YEAR CREDIT AT 2 PER CENT PER ANNUM. THE FRENCH MIRAGE F-1 IS ALSO BEING CONSIDERED. RAYTHEON REPS OPINED THAT EITHER THE FRENCH OR SOVIETS WOULD TIE AIRCRAFT SALE INTO PURCHASE OF ATC AND EVENTUAL AIR DEFENSE SYSTEM.

3. RECENT CONTACTS BY MISSION OFFICERS WITH FAE OFFICIALS HAVE CONFIRMED THE STRONG RESENTMENT TOWARD USG BY FAE COMMANDER BG LEORO AND OTHER FAE OFFICERS. THREAT OF SOVIET PURCHASE HAS ALSO BEEN CONVEYED THROUGH THOSE CONTACTS. NOTWITHSTANDING THE STRONG FAE VIEWS, CONTACTS BETWEEN AMBASSADOR AND OTHER MISSION OFFICERS AND HIGH-RANKING ECUADOREAN NAVY AND ARMY OFFICIALS AT FUNCTIONS FOR MG RACHMELE FEB. 8 AND 9 CREATED IMPRESSION THAT POSSIBILITY FOR SALE OF F-5 MAY STILL EXIST. ALTHOUGH FAE IS OBVIOUSLY THE MOST DIRECTLY CONCERNED, ACQUISITION OF DEFENSIVE INTERCEPTOR CAPABILITY IS VIEWED BY GOE AS A NATIONAL SECURITY MATTER, SO THAT VIEWS OF HIGH-LEVEL OFFICERS FROM OTHER SERVICES WILL BE CRUCIAL IN THE FINAL DECISION.

4. COMMENT: EMBASSY DOES NOT BELIEVE DECISION TO BUY FRENCH OR RUSSIAN AIRCRAFT IS AS IMMINENT AS THE FAE WOULD  
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HAVE US BELIEVE. SOVIET COUNSELOR OF EMBASSY IN A MEETING HE REQUESTED ON FEB. 8 TOLD DCM ON FEB. 9 THAT FAE HAD NOT CONTACTED SOVIET EMBASSY ABOUT PURCHASE OF SOVIET AIRCRAFT. WE DO NOT NECESSARILY ACCEPT HIS STATEMENT, BUT BELIEVE THERE ARE VERY STRONG PRESSURES AGAINST APPROACHING SOVIETS. PURCHASE BY GOE OF SOVIET AIRCRAFT WOULD REQUIRE A MAJOR POLITICAL SHIFT WHICH IS UNLIKELY TO OCCUR UNLESS ALL OTHER SOURCES OF INTERCEPTOR AIRCRAFT ARE IRREVOCABLY CLOSED. WE BELIEVE THAT GOE MAY ALSO FIND THAT FRENCH CANNOT PROVIDE THE MIRAGE F-1 WITHIN THE DELIVERY PERIOD THEY DESIRE.

5. POVEDA AND DURAN PROBABLY COULD NOT OR WOULD NOT FORCE THE PURCHASE OF A SPECIFIC AIRCRAFT ON THE FAE, BUT THEY WILL HAVE INFLUENCE OVER THE FINAL DECISION. IF THEY ARE NOT TOTALLY OPPOSED TO THE F-5, WE BELIEVE THERE REMAINS SOME CHANCE TO SELL IT. THE CRITICAL FACTOR WILL BE LEAD TIME. NORTHROP REPS HAVE TOLD US THAT THE ABSOLUTELY SHORTEST LEAD TIME THEY CAN OFFER IS 18 MONTHS, WHICH WOULD PROBABLY

NOT BE SUFFICIENT TO OVERCOME OTHER ANTI-F-5 BIASES. IF, HOWEVER, WE COULD OFFER EVEN A TOKEN NUMBER OF AIRCRAFT WITHIN THIS CALENDER YEAR, WE MIGHT BE ABLE TO SELL THE F-5.

6. WE BELIEVE IT IS IN U.S. INTEREST TO MAKE A MAJOR EFFORT ON THE F-5. OTHERWISE, WE ARE PLACED IN THE POSITION OF SEEMING TO BE ATTEMPTING TO THWART ECUADOR'S DESIRE FOR LEGITIMATE SELF-DEFENSE AGAINST PERU, WHICH BUYS ADVANCED, INCLUDING SOVIET, AIRCRAFT WITH IMPUNITY. WE HAVE LATELY BEEN MAKING PROGRESS ON GETTING COOPERATION OF GOE ON MATTERS OF INTEREST TO THE U.S., I.E., IN INVESTMENT, FISHING, AND CERTAIN MULTILATERAL ISSUES. THE KFIR DECISION WILL MAKE IT MORE DIFFICULT TO ELICIT COOPERATION IN THE FUTURE BUT IT NEED NOT BE A MAJOR SETBACK TO OUR INTERESTS HERE IF WE APPEAR TO BE OFFERING A REASONABLE ALTERNATIVE TO ECUADOR TO MEET ITS SECURITY CONCERNS IN THIS INSTANCE.

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7. ACTION REQUESTED: (1) THAT THE DEPARTMENT CONTACT NORTHROP AND ASK THAT THEY MAKE MAJOR EFFORT WITH FAE ASAP. THEY SHOULD BE AWARE THAT LEAD-TIMES FOR DELIVERY WILL BE A CRITICAL CONCERN IN GOE DECISION. (2) THAT THE DEPARTMENT, AND DOD TAKE ALL POSSIBLE STEPS TO SUBSTANTIALLY SHORTEN LEAD TIME FOR F-5 DELIVERY. (3) THAT THE DEPARTMENT INFORM US WHAT WEAPONS SYSTEMS WOULD BE INCLUDED IN THE EVENT OF AN F-5 SALE TO ECUADOR. FYI. THE GOE WOULD WANT, AT THE MINIMUM, THE AIM-9 (SIDEWINDER) MISSILE. END FYI  
BLOOMFIELD

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NNN

## Message Attributes

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